1. **What is the Main Street Economic Revitalization Program (MSERP)**

   This is a state-funded initiative through the Department of Employment & Economic Development (DEED) intended to provide grants for capital improvement projects in commercial corridors across the state.

   Projects resulting in the development, redevelopment, renovation, or repair of buildings are eligible for funding under this program.

   Funding is available to anyone who has plans to invest in an eligible project per the requirements listed below. Priority will be given to business owners or developers from underserved populations including Black, indigenous, and people of color (BIPOC) individuals.

2. **Who is administering the grant program locally?**

   The Southern Minnesota Initiative Foundation (SMIF) applied for and received $2.5 Million for two districts in our region: Northfield and Blooming Prairie. SMIF serves as the fiscal host of these funds and will subgrant funds to eligible recipients.

   SMIF will be partnering with the communities to help manage the program and applications.

3. **What can a business receive as part of this grant program?**

   Businesses can receive a grant for up to 30% of the total project cost. Eligible expenses include:

   - Repair, or renovation of real property
   - Building construction
   - Landscaping and streetscaping
   - Demolition and site preparation
   - Predesign and design
   - Engineering
   - Non-publicly owned infrastructure
   - Related site amenities

   The following expenses are ineligible:

   - The purchase of real estate or business operations

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- Business operating expenses such as inventory, wages, or working capital

Projects must be completed by December 31, 2026
An applicant should check with their local municipality for all permitting, zoning and ordinance requirements.

All properties within the historic district will require local review and review by the State Historic Preservation Office.

4. What is the maximum and minimum amount of funding that can be received under this program?

The maximum amount of funding available under this program is $750,000, which can be received by projects with a total cost of $2,500,000 or more;

Projects receiving $200,000 or more must comply with prevailing wage requirements as required by the State of Minnesota.

Projects receiving $200,000 or more must follow the prevailing wage guidelines set by Minnesota State Statutes 177.41 through 177.44 and outlined by the Minnesota Department of Labor and Industry here: Prevailing-wage information | Minnesota Department of Labor and Industry (mn.gov)

Just because the project has multiple phases, doesn’t mean that prevailing wage only applies for only one of the phases….in other words, prevailing wage would apply to the entire project

The minimum amount of funding available under this program is $3,000 which can be received by projects with a total cost of $10,000 or more.

5. Who is eligible to apply for this grant program?

Business owners or developers with property located in Northfield and Blooming Prairie who have projects located in one of the two commercial corridors linked below and have plans to develop, redevelop, renovate, or make repairs to their property are eligible to apply. Projects that make an investment in preparation for a future project can apply to cover any of the eligible expenses listed above.

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6. **When can I apply for a grant under this program and when will funding be available?**

   We hope to open the grant application in late November.

   We will have another round early Spring of 2023.

7. **What are examples of eligible projects?**

   The following are some examples to give you an idea of whether a project is eligible. Not all eligible projects will receive funding. Some types of projects that are not listed below may be eligible.

   1. Development:
      i. Building a new structure on previously vacant land.
      ii. Adding additional space onto an existing structure.
   2. Redevelopment:
      i. Demolishing an existing structure and constructing something new
      ii. Repurposing an existing structure to find a new use
   3. Renovation
      i. Making an improvement to a building façade (storefront)
      ii. Remodeling the interior of a building
      iii. Remodeling a doorway or building a ramp to improve ADA compliant accessibility
   4. Repair
      i. Repairing a leaking roof
      ii. Fixing broken windows or doors
      iii. Resolving a safety concern
      iv. Adding fire suppression/sprinklers
      v. Replacing a damaged HVAC system

8. **Who decides if my project will receive funding?**

   SMIF along with partners in the communities listed above.
FAQ's

. Where can I receive help with my application?

Northfield: Anna Watson: anna.watson@ci.northfield.mn.us or 507-645-3070. For properties within the historic district, please also contact Revee Needham: reeve.needham@ci.northfield.mn.us or 507-645-3041.

Blooming Prairie: Brian Conzemius brian@smifoundation.org

9. What should I consider as I complete my application?

Grant applicants will be asked to show that their project accomplishes one or more of the following goals:

1. The project will retain existing jobs and/or create new jobs
2. The project will increase the property value of the structure or vacant site
3. The project will positively impact the community & residents beyond indicated economic measures. Applicants will be asked to highlight any elements of their project that positively impact members of the underserved populations listed above:
   i. Examples include but are not limited to:
      1. Adding ADA accessibility
      2. Providing access to culturally appropriate spaces
      3. Improving community aesthetics & vitality

4. The project will positively impact other businesses in the corridor
   i. Examples include but are not limited to:
      1. Project will be a supplier or customer of other businesses
      2. Project will increase traffic to surrounding businesses
      3. Project will raise property values of surrounding businesses

10. Do I need to complete my application in English?

We are working with translators to create copies of this application in other languages. Applications will be accepted in the native language of the applicant.

11. What projects will receive priority?

Priority will be given to the following project types:

1. Projects submitted by applicants from underrepresented communities
2. Projects that develop or redevelop vacant land or blighted buildings
3. Projects that resolve a health or safety risk
4. Projects that are located in areas that meet the objectives of a strategic plan adopted by a public body

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12. I am located just outside of the boundaries, can I apply?

You must fall within the corridors listed.

13. My business lost money during COVID-19, can I apply for funds to cover those expenses under this program?

No, this program cannot cover lost revenue or other operating expenses.

14. My project has already started, can I apply for funds under this program?

This funding cannot provide funding for work underway. This funding can cover additions made to the original project plans. These additions should be referenced in the application. Please highlight how this funding allows for an addition in your grant application.

15. I need to start my project prior to grant decision, can I apply for funds under this program?

This funding cannot provide funding for work started before a grant decision and agreement is made. If your project is constructed in multiple phases, you can apply for funds to support a later phase of your project.

16. My project will not be completed by December 31, 2026, can I still apply?

Work receiving funding under this program must be completed by December 31, 2026. If your project is multi-phase, please only submit a grant request for the phase(s) of your project that will be completed prior to December 31, 2026.

17. I am leasing a space, can I apply for funds under this program?

If your business is leasing a space, you should work with your landlord to determine if eligible work can be performed on your business. Grant funds will be awarded to the party responsible for paying for any eligible work.

18. What can be used for the matching funds?

Applicants must match 200% of this grant award with non-state/federal funds. If that match has been made, other state/federal programs can cover the remaining match.

If a project costs $100,000 and an applicant is asking for the full 30% ($30,000), the applicant must come up with at least $60,000 of non-state/federal funds. The remaining 10% can come from another state/federal grant award.

In another scenario, if a project is $200,000 and the applicant is asking for 15% (still $30,000), the applicant must still come up with $60,000 in non-state/federal funds. The remaining $110,000 could come from the state/federal grant award.

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Matching Funds

1.1 For a project receiving a Leveraged Grant can matching funds expended prior to the project being awarded count towards match?

Any project funds expended prior to July 1, 2021 cannot count towards the matching requirements of a Leveraged Grant.

Up to 50% of projects funds expended AFTER July 1, 2021 and BEFORE being awarded can, with acceptable documentation of prior expenditures, count towards the matching requirements of a Leveraged Grant.

Here is what that might look like for a $2.5m project.

- An applicant with an eligible project request $750,000 is leverage grants.
- Recipient has secured $1,750,000 in matching funds.
- The project has spent $875,000 (50% of $1.75m) in project cost after July 1st, 2021, prior to being awarded. With acceptable documentation of prior expenditures, this could count towards match.
- A total of $1,625,000 (grant plus new matching) is invested in the project after being awarded.

1.2 Does the purchase of real estate count towards matching or is that ruled out as it is not an eligible match expense?

Purchase of real estate does not count towards match.

1.3 Can project expenditures that occur prior to being awarded a leverage grant be paid for with a leveraged grant?

No. However those expenditures may count towards matching requirements of a leveraged grants. See FAQ 1.1

1.4 The law says that state or federal funds may not be used to meet the 200% matching requirements of a Leveraged Grant. Which of these are considered eligible matching sources?

<table>
<thead>
<tr>
<th>Matching Source</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private funds (cash, private loans, etc)</td>
<td>Eligible</td>
</tr>
<tr>
<td>Local government funds (City, County, Political Subdivisions, EDAs, etc.)</td>
<td>Eligible</td>
</tr>
<tr>
<td>New Market Tax Credits</td>
<td>Eligible</td>
</tr>
<tr>
<td>SBA 7a Loans</td>
<td>Eligible</td>
</tr>
<tr>
<td>SBA 504 Loans</td>
<td>Eligible</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARES Act Funds</td>
<td>Not Eligible</td>
</tr>
<tr>
<td>Community Development Block Grant Funds</td>
<td>Not Eligible</td>
</tr>
<tr>
<td>Any other direct state of federal funds</td>
<td>Not Eligible</td>
</tr>
<tr>
<td>State Grants/Loans (MIF, JCF, Community Development Funds, etc.)</td>
<td>Not Eligible</td>
</tr>
<tr>
<td>State or Federally Source Revolving Loan Funds</td>
<td>Not Eligible</td>
</tr>
<tr>
<td>State or Federally Source Revolving Loan Funds that have completely</td>
<td>TBD</td>
</tr>
<tr>
<td>revolved</td>
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</tbody>
</table>

Grant awards can cover up to 30% of an eligible project’s cost, up to $750,000. Projects must demonstrate that they have outside funding from sources such as public or private grants or loans, developer equity, or insurance proceeds. All Main Street grants must be matched with non-state and non-federal funds at a rate of 2 to 1.

Other Eligible Expenses

2.1 Is an equipment an eligible project expense?

Equipment is not eligible unless it falls under the definition of a capital improvement. For equipment to qualify as a capital improvement it has to be a tangible fixed asset of a capital nature and purchased and installed upon initial acquisition and construction of a building, expansion or major remodeling and necessary for the intended purpose of the facility.

Examples of equipment that meets this definition could include walk-in coolers, kitchen ranges and ovens, vent hoods, security equipment, restroom equipment, etc.

Equipment that is not installed in facility such as furniture, computers, etc are not considered capital improvements to the facility itself. In other words if a piece of equipment can be picked up and moved out the facility and be quickly converted to cash it’s not eligible.

Examples of equipment that does not meet the definition of capital improvement could include things like tables, chairs, tablets, computers, utensils, office supplies, printers, etc.

2.2 Do mechanical upgrades (ie. new heating and air conditioning) qualify for this grant?

Capital improvements or replacement of structural components of a facility are an eligible expenses for this program. HVAC systems are considered a structural component. We are relying on IRS definition of structural component defined in 26 CFR 1.48-1(e)(2).

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The term “structural component,” includes such parts of a building as walls, partitions, floors and ceilings, as well as any permanent coverings therefore such as paneling or tiling; windows and doors; all components (whether in, on, or adjacent to the building) of a central air conditioning or heating system, including motors, compressors, pipes and ducts; plumbing and plumbing fixtures, such as sinks and bathtubs; electric wiring and lighting fixtures; chimneys; stairs; escalators, and elevators, including all components thereof; sprinkler systems; fire escapes; and other components relating to the operation or maintenance of a building.

Repairing or upgrading an HVAC is a capital improvement of structural component so in that sense it is an eligible expense.

3. Other

3.1 Are housing projects eligible for this program?

Single and multi-family housing projects are not eligible for this program unless it includes mixed use commercial space. For example an eligible mixed used commercial development could include ground floor commercial space with 2nd and 3rd floor multi-family housing.

3.2 An application is requesting funds to develop a facility in Minnesota and is head quartered in another state. Are they eligible for this program.

As long as the funds are exclusively used for Minnesota-based operations and facilities and all required Minnesota registrations are in place the project is not excluded from participating in this program.

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